

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

April 22, 1985

The 25th meeting of the Senate Finance and Claims Committee met on the above date in room 108 of the State Capitol. The meeting was called to order by Senator Regan, Chairman at 8 a.m. following roll call.

ROLL CALL: All members present.

CONSIDERATION OF HOUSE BILL 956: Representative Marks, district 75, chief sponsor of House Bill 956 said this bill will take money from the Junk Vehicle fee and put it in the general fund. It is a one time transfer of that money--\$5,000. There is presently \$1.2 million in that account and it is my understanding there is enough reserve to pay the counties for the junk vehicle contracts they have. Mr. Hoffman said he thought we could take 7 or \$800,000. Representative Quilici had some question as to whether this or Crime Victim's money. You may want to monitor that. The \$500,000 is all right. You will be able to pay our counties obligations more than once a year and keep the reserves down.

There were no further proponents, no opponents, and Senator Regan asked if there were questions from the committee.

Senator Himsl: I am on the conference committee to address the bill you are talking about. It came over to take money out of the Junk Vehicle fund and that is why we kept it in the Crime program and you people rejected it. I don't know whether the money is there or not.

Representative Marks: Mr. Hoffman, who manages this fund, said they can take this out. Representative Quilici's bill came up and took \$200,000 out. If no more than once a year, the reserve could be taken out. I visited on this as late as Friday. You might want to check on that.

Senator Story: It came up the other day. We could not loan it out and take it out at the same time.

Senator Regan: Senator Himsl, would you please check with LFA? We are also taking it out with the other LUST bill.

Senator Himsl: That bill is a loan. It is characterized as a loan. Does it make a difference in the effect on the funds?

Representative Marks: I am not sure of the duration of the loan.

Senator Himsel: Two years.

Representative Marks: If not back in 2 years, it would become the same as taking it out. This was seed money for the federal, to develop seed money to reimburse the fund later.

Senator Bengtson: I think it is really important that we find this out. Representative Quilici wants it back in the Junk Vehicle. The reason we moved it around was because we were not sure how much money was there.

Senator Regan: I would ask those people on the conference committees to coordinate with the LFA to see that it is tracked.

Senator Christiaens: We have a real problem if we take executive action on this.

Senator Regan: Do you see any problem with this now, Judy?

Judy Rippingale, Director, LFA: The revenue estimate of \$756,000 in '84--they only wanted part of that. They would have \$329,000 left in '87. If the Department says you can get it up as high as that you can assume it is probably okay -- if you want to take that risk. The LFA did not recommend taking the Governor's Centennial fund loan on top of that, out of the Junk Vehicle funds. There is enough in the Crime Victim's fund available. That is why it was done to be sure there was enough money. I think you are safe to take one but not both out.

Senator Keating: What is the source of funds for Junk Vehicle?

Representative Marks: A one time fee on it when you buy a car.

Senator Keating: What about used cars?

Representative Marks: We have a surplus because not enough junk vehicles.

Senator Keating: Always enough?

Representative Marks: The program got caught up.

There were no further questions and Senator Regan declared the hearing on House Bill 956 closed.

CONSIDERATION OF HOUSE BILL 958: Representative Marks, District 75, Chief sponsor of the bill, said this is the GAP bill. This would appropriate \$15 million out of the Special Revenue fund in State Lands to the General fund. Of course, this is an effort to balance the budget without the use of some other monies that are much more desirable to get. It would take monies that normally flow into the appropriation

program and accelerate it. I don't think any problem with it. You may lose a little bit of interest that would normally go to the foundation program because the interest that would go to the foundation program will go into the general fund and the interest normally would go to the foundation program. You are backing out an equal amount out of the foundation program.

Curt Nichols, LFA: In terms of interest lost--the interest earned on the money if held in State Lands is transferred to the equalization account. The interest, if the money is transferred to the equalization fund goes to the general fund. The net effect is a little more interest in the general fund and a little less in the foundation program. About \$3/4 million would be the interest.

Senator Hammond: Where would the \$15 million come from?

Curt Nichols: This is money that is normally held between the end of December and the 1st of June. Normally it is held until the next December to be transferred. Six months is generally it. They hold it for 6 months. \$27 million comes in the one time and you will gain 6 months on it.

Senator Keating: Is there a balance in this fund from biennium to biennium?

Representative Marks: It all spends out at the end of the fiscal period. It is my understanding that that is 95% of the total and 5%-----.

Curt Nichols: The 5% goes back into the permanent trust fund.

Representative Marks: It does not affect the trust fund.

Senator Keating: Two years ago we increased from 40 to 45 the mill levy for the school foundation program. Then the school foundation program got funded and there was some surplus that did not come out of general fund to the foundation program. Does this kind of thing do that?

Curt Nichols: The counties spend their base, then the acceleration and then the general fund.

Senator Van Valkenburg: I had to put a fly in the ointment and this is the \$15 million in relationship to 212. It is important here we look at the precedent we are setting if we pass 958. What we are doing is intercepting money that would go into the foundation program and appropriating it to the general fund. If Curt Nichols says we are cutting \$3/4 million interest to the foundation program then what have we in the end? A better way to accomplish that end would be by

virtue of 958 is to reduce the general appropriation in 212. 212 had come out of the House before the House got to the 70th day and on the 79th day, and I think a vehicle to accomplish that could be accomplished by reducing the general fund appropriation in 212. The reason the 212 appropriation would be better is this \$15 million will go into the foundation program and be there and go directly to school support that means we won't need as much general fund to make up the difference, and in the general fund 4 and 4. If some interest here, I would suggest we table 958 and put a floor amendment on 212 to take out at least \$15 million. Finally, I think that is pretty necessary in light of the fact we have this law suit building against the state for the very insurance that the foundation program would be reduced. If we get to the point of taking state acceleration money and appropriating it to the general fund the situation is a bad precedence in that regard.

Senator Hammond: What you are saying is we leave the money where it is and it will go to the foundation program. This bill is putting it in the general fund with the idea it will be put back into the foundation program.

Senator Van Valkenburg: Yes.

Senator Hammond: So not that much available for foundation program put in another budget.

Senator Van Valkenburg: But we would reduce the general fund -- that is in 212.

Senator Gage: Your amendment in 212. How do you propose to roll that money forward without this bill?

Senator Van Valkenburg: I don't think you have to. House Bill 800 accomplished that. It changed the accounting procedure and the new service will be in and be able to do that.

Senator Keating: What does Representative Marks think of tabling the bill?

Representative Marks: It would accommodate the cash value.

Judy Rippingale: I think there should be no problem. The net result should be the same. You reduce the general fund input in House Bill 212 instead of doing this. 212 is a bi-ennium appropriation and can be available at any time. Plus, the way things are going, you will be leaving a cushion and that will give virtually no problem.

Representative Marks: It should be checked with the OPI.

Senator Keating: If we do it this way and amend House Bill 212 to \$38 million, I hope the press--this time-- will get the story straight so that we don't get calls from home.

Representative Bengtson: You brought up 800. It changed the accounting system?

Judy Rippingale: House Bill 800 went through that set the state accounting system which will be on GAP by the end of '86. That means you will accrue and recognize revenue occurred in the time period in which it is ended. All this is, is getting the revenue accrued and transferred to the account to use it.

Senator Regan declared the hearing closed on House Bill 958.

CONSIDERATION OF HOUSE BILL 919: Representative Bardanoue explained the bill as the chief sponsor, and said this bill does not do much, but does upset a lot of people. It is a bill that will help to balance the budget. He handed in an explanation of HB 919, attached as exhibit 1. He said with the powers in the House and their negotiations, this is a part of the package of balancing the budget. It was originally a part of the Governor's proposal. We have made some changes. It has received bi-partisan support. I think you all know what it does. It reduces the money. It is now earmarked for coal board impacts and takes some of the alternative energy money. The handout, if you have it by now, will show the impacts and the increases and reductions. We all may not agree, but the most major impacts are in the coal mining area and have now alleviated. It will be over \$4 million available for local impacts. About \$4 million, 600 some thousand--obligation of \$712,000 a year for Yellowstone county Jail and grants of \$2.2 million. They will be covered and \$4.6 million will be available. One of the high priorities is rebuilding of the highway and most in Treasure County. Representative Asay permits the money to be used in this highway. It is a viable highway, but not in the coal area. Some difficulty in putting money there. Alternative energy reduces \$2 million in the biennium and will go into the general fund. As originally drawn, it went into the foundation program, but for now it would put enough money in it and it passed the House. We then amended the bill to put this money into the general fund. You are probably hearing from the troops here--you are hearing what a horrendous bill it is -- but remember it is bi-partisan in the House and part of the Governor's bill. This is a very helpful solution to our problem.

Proponents for House Bill 919:

Gene Huntington, Administrative Assistant, Governor's office said 919 originally was to change the use of the coal tax to provide for school and 2% for highway. Revenue for the program from 1983. It was amended in the House to put money into the general fund. We appear in support of the bill.

Gary Wicks, State Highway Department Director, said it provides \$4 million for the Highway Program in 1986 and '87. I would like to show you why it is important. In 1983 the Legislature passed a very important highway program. His testimony is attached as exhibit 1 A. He showed a large map with overlay's and an assistant pointed out the roads and highways he was referring to in his testimony.

John Hay, Flathead County, said in the '81 session we started a program of reconstruction of trust account. 100% state money to allocate for highways in Montana. We recognized that if we didn't add money we could not do the job. We asked for \$40 million a year to address the primary systems in Montana. It became more clear to us as we saw our interstate completed. \$150 million bonding program last year. Our interest is going to the primary projects in Montana. The problem now, is to get every dollar we can get in that primary. An error in the House Bill 700 -- we got \$1 million delayed effect as when it did flow into the account. We recognized it as not able to put ahead this year. I think 919 recognized that commitment. That money can be allocated to any place in the state. It is not regulated by any certain law for the area.

There were no further proponents, and Senator Regan asked if there were opponents to House Bill 919.

Opponents to House Bill 919: Senator Tom Towe: I oppose the bill. If I understand the bill correctly--on page 2, line 13, we are taking 2% -- after deductions for 50% -- of the trust fund. It really means 1% of the Research and Indemnity Trust account plus we are taking the difference between 37½ and 26% on line 17. It is all the local impact on education trust fund account. 11½% before the reduction --5 3/4%. 6 3/4% is being taken out of those 2 sources. We will put it back in -- 4% to the Highway Trust Account and the balance to the general fund of 5 3/4%. 1% is going to the Reconstruction Trust Account and the balance to the general fund. It is my contention we funded the reconstruction with general fund. We do not need this bill. (He read off some figures and said) This is my tally of the 4 different allocations being made. The committee's, LFA's, the House and my own calculations. We have gone over 909 in the taxation committee.

Senator Regan: I have 5 bills to act on. Perhaps we should just talk about what is in this bill. I have penciled in the action we have taken on the floor Saturday. 719.9. In my figures 13.55 surplus after the \$15 million ending fund balance and does not include the construction on the sheets. It transfers the coal board (d) and alternative energy (e). Without this bill \$13.55 in the black after a reasonable ending fund balance. It is my contention we don't need that transfer. The other provisions do have the transfer in it. Number 2, I think it is terribly dangerous. For the first time since 1975 we have a brand new mine permit granted in the Tongue River area. For the first time we have a new mine permit granted and this is not the time to take money out of the coal board. It was set up to take care of the front end as well as the tail end impacts. It has been set up to take care of this Tongue River and also grant the appropriation to take care of the tail end. Also, this time for the first time we passed a bill which would allow for the first time --for the coal board to take highway grants for the purpose of fixing roads that need to be fixed. We determined it in 1980. We did not come close to fixing the 201 miles identified as impact by coal. 179 miles, and 172 miles to be finished. It is roads directly concerned with coal impact. It will cost us some \$58 million to work at the roads that were identified 10 years ago as being impacted by coal business. I will submit that in the event that the bill is not killed, I think that if the money is taken out of alternative research it should be taken--not for this purpose, but to fund the Governor's council on technology. After it is determined with some very strict language,--it should be in 1987 to go to the Council of Science and Technology.

Senator Weeding: Senate District 14--all 5 of the counties are within, or partly within the coal impact areas. I would urge you to kill the bill. I back up Senator Towe. This is the narrative on it and I have highlighted some of it. 379 would provide the authority that highway projects should be considered and it is with great dismay that we have the bill and no funding if 919 passes. I would urge you to think back to the big map. I serve 5 counties. Senator Shaw and Senator Yellowtail also serve large areas down there. (Exhibit 3 and 4 are attached to the minutes.) At the beginning of the narrative--Treasure County has already put itself into a negative balance attempting to keep the roads up. One road was impassable this spring. They are totally incapable of upgrading the roads. The roads that serve the mines here. The one from Hardin through Colstrip is being used extensively for those traveling to the Westmoreland mine, etc. There is one bringing equipment up the road to the mines. There is a dire need for the road funding there. If all else fails I have an amendment for this bill that might help. (This is attached to the minutes as exhibit 4.)

Tom Asay, Representative, said he is very much opposed to the passage of 919. I have 7 people here. We go in at 10 a.m. This is the deadline and you still have a bill to hear. I would hope no one will repeat. Offer succinct testimony. I have a statement from Rokita/Associates, Inc that I would like to enter into the testimony. (Exhibit # 5.) The important thing to realize is the main accomplishment. Many people are not aware of how it is made up through the state of Montana. Butte, Kalispell, Great Falls, Roundup, Hardin and Glendive. These people have the responsibility to look at the impact created by the coal area, whether or not we like the activities. The Legislature has done very little as to providing the Coal Board some back up of our requirements for grants or loans. They have been trying to handle those impacts. We have done very little to give them support. I would like to see this bill killed. If not killed, I have an amendment. It strengthens the Coal Board requirement for making grants. (Attached as exhibit # 6) My amendments would limit to 46% of the total available to the Coal Board under 90-6-205 (5). My amendment also recognizes the impact has been about 54% of the funds. I propose you restrict the Coal Board to 46%. We are actually putting more money into the equalization fund. This gives them a chance to look at the over-all picture. A lot in the state of flux and it is very critical that the state of Montana recognize the great amount of good and how dependent we can become on the income from coal tax revenue. Every area has had a direct benefit from the coal tax money. You would think from the testimony the Highway Department gave we are still making available \$4 million but are impacting the coal impact areas. (He also handed in a sheet of suggested changes in current Coal Board program, attached as # 7 exhibit)

Ed McCaffrey, Commissioner from Rose Bud County said, I would like to remind the committee of the needs the impact creates. I know the needs that arise out of the impact. Primary roads, schools, law enforcement, secondary roads, etc. However, there are many human needs that come into place. Health, Mental Health, Doctors, Hospitals, etc. These are almost immediate. They do impact the area and almost immediately. Also schools and law enforcement. We still have a portion through Montico mine in Tongue River. It also increases the impact on neighboring counties. In particular, it directly affects neighboring counties. Sheridan Wyoming--impacted with this new impact money. We cannot afford to allow them to put it on an agricultural area.

Conrad Miller, County Commissioner, appeared in opposition to House Bill 919. This is an area of the state where projects should be funded. Highway showed up the coal moving. This highway reconstruction program will receive it, but no priority for coal impact areas. The Highway Trust Account, which will soon be representing 6% and then 12% will be

\$8 million with more county new money being expended on impact areas. The Montana Coal Board areas was to address these needs. You have given the Board the authority and direction to deal with the problems now--don't tie their hands by limiting their ability. There are many needed projects left. Schools, roads, etc.

Pat Wilson, Montco Mine and Thermal Energy said, we received our strip mine permit in November of this year. (exhibit 8 testimony is attached) About 365 people brought into Ashland and Broadus. Powder River is in a designated area. This bill would be adding impact to them. We are about five miles away. People will be living in Ashland and Broadus. We think this is a mine that would contribute some possible benefits to Montana. It will be a possible impact of \$3.7 million for this project. \$850 million over the life of the mine in tax revenues to the state.

Ted Fletcher, Powder River County Commissioner, said our oil production has dropped. Last year \$2 million to the school foundation program contributed from Powder River. According to Senate Bill 156 the town of Broadus would be impacted by large coal development. This would entitle Powder River to be eligible for funds granted by the Coal Board. This is not the time for coal board funds to be taken from the area. Local impact funds should be given at the level they are needed in that area. (Map, exhibit 9 attached.)

Representative Marian Hanson, District 100, concurred with the opposition to 919 and with the previous opponents.

Senator Bill Yellowtail, Big Horn, Rose Bud and Powder River Counties, said I think you have heard well and thoroughly. House Bill 919 is short sighted at best. Coal impact is going on and will continue to increase. 919 is politically subsidized by Montana Coal severance tax. 919 will just deliver a conviction to the congressional people who want to remove it, that they are right. I hope our great run-around is not to cut off our nose to spite our face. I would like to enter into the record a letter from Rusty Rokita. (exhibit # 10)

Jean-Marie Souvigny, Northern Plains Research Council, said Senate Bill 379 recognized the impact on highways from coal development. This is not the time to cut the funding. Most of the coal revenues go to non-impact areas of the state. I think it critical that we keep the money in the area that is critical in need. We do not support the attempt to divert this money to other areas and into general fund.

Mike Stephen, representing Montana Coal and Oil and Gas Companies, said the establishment of this fund was to meet the needs in the areas impacted by coal. A lot of work that needed to be done has got to be done and they are continuing and will continue to do so. I think the monies that have been allocated through the coal board have come to worthwhile projects. We are looking primarily at the areas these impact monies can reach as far as highway building and due to the packet the Legislature has passed, it is necessary to fund it. The vast amount of money the coal area receives from Montana is very small along side of the money going back.

Don Reed, Montana Environmental Center, said in terms of alternative energy, it would take money out. 909 directs a portion of that program.

There were no further opponents and Senator Regan asked if there were questions from the committee.

Senator Bengtson: What is the time line when Montco plans on going into operation?

Mr. Wilson: The Department of State Lands has asked for a review. We would not be able to go out and set out work because of the permit being under review.

Senator Regan: What are you looking at?

Mr. Wilson: The Department of State Lands has not put a date on it. After the permit, etc., we could let bids in about six months and it is contingent on bids at the present time.

Senator Smith: Do you have a contract for your coal yet?

Mr. Wilson: No, we have been working on this.

Senator Story: Impact on general funds?

Senator Regan: Over \$9 million.

Senator Keating: We have a handout that was Ashland and Powder River. It is Powder River, isn't it?

Representative Bardanouve: It is hard to answer this in a short time---the prize authorship of Senator Towe. No one main road in that coal bill. It was my amendment that allows it to be here. Many people put the bill together. It was said more direction needed by the Legislature to give direction to the coal board. The reason is they have voted like that but now are done with that. I suggest we take a look at it and they have really opposed it. I believe here is a useful possibility. I firmly support the concept of local impact. What Senator Yellowtail says is short sighted, does concern me. I don't think we will abolish the coal board in this

session. We do have a serious financial problem here. I testified against a bill that would have deferred \$15 million out of general fund to the Highway Department. It went out 14-1. On the floor Mr. Weeks was upset. Representative Hart was upset. This is not general fund alone. In 1987 we will have to look at an increase in the Highway Department if we want to continue. The arguments--we are amazed we have only \$15 million, but a \$13.5 million surplus. Senate Bill 455 for \$5 million is dead, but has new life and more revenue from that. Accelerated--Congress looks like it might grab the \$12 million. You will only have an end-fund balance of \$11 million. I noticed a lot of money added to House Bill 500. I will also remind you to look at the mill levy in this area against that in other areas. Senator Towe was less than \$300,000. I would point out how the very judicious action will still be \$20 million below the Governor's budget.

Senator Regan declared the hearing closed on House Bill 919.

CONSIDERATION OF HOUSE BILL 792: Representative Garcia, district 93, downtown Billings, said I had a bill drafted up to create a coordinator for Ethnic Affairs, appointed by the Governor and serving at the pleasure of the Governor. Five people being picked from organized minority groups throughout the state. Many are problems experienced by other minority groups such as the Indian people. Up to today no faithful effort has been made to eliminate the factors existing for these minorities. By the state fostering such a program, designed to help blacks, hispanics and other minority people, they can take their rightful place in the community. In State Administration it passed 15-1. The Chairperson voted against this -- Representative Walter Sales. The desirability of Billings--the low income coalition, the Human Resource Development. 7% of the insurance claimants are minorities. That is pretty high. 8.6 minority population in Montana; 58.1 of our minorities are attending school. Native American is, according to income--they don't have an income for Hispanics. \$13,000 for Asian, \$11,000 for Indian, \$14,000 for blacks, and up to \$20,000 for whites. Minorities have been on SRS food stamp program with 45%--minority have 11,000 on food stamp programs. It is important that we get our act together and start working on a segment of the population not looked at. In SRS 10.8 is used on minorities. That is quite a bit of programs. I think if instead of the \$9 million, we can spend \$67,000 --we educate them to pay taxes instead of using them. Every county in Montana is affected by this. Whereever you are from, you should be concerned. We must address this problem today and \$60,000 is small considering what can be done to help. I do not have any proponents.

Proponents for House Bill 792:

Senator Yellowtail: I presently stand in support of this bill. We already have in place a very successful model in the coordinator of Indian Affairs. It serves as a communication link between state government and Indian minorities. We have had areas of contention.

There were no further proponents, no opponents, and Senator Regan asked if there were questions from the committee.

Senator Haffey: How many Hispanic in the state?

Representative Garcia: The census gave a count but not on Hispanics. We found Gene Gonzales. In Yellowstone close to 20,000. State wide, maybe 25,000 blacks and maybe 1800. Representative John Phillips says 982 in his district. We are getting more Asians with the people from the Far East coming over. Total population--I do have the number somewhere--over 7864 in '84. 70,000 in '65

Senator Keating: You alluded to the number on assistance. Around \$9 million. How does this coordinate with only \$60,000? What would he did he do to arrive at the number of people on assistance?

Representative Garcia: I believe one way to start is through education. If no education, it is higher. We have a minority in Yellowstone to go out in the families. We need a coordinator to go all over the state and work with our ideas and put them across the state.

Senator Keating: What would the coordinator coordinate?

Representative Garcia: It would work with social problems to find out why so many are going into the office. He'll be doing travel. The person that takes that job, the salary is very low. There is a lot of travel in it. We need to continue the work to see why so many people drop off from the Highschool level.

Senator Smith: One comment. I always support the Indian coordinator. They were here. We drove them off the land and put them on reservations. The remainder decided to come to Montana. We will wind up with a coordinator for everybody.

Representative Garcia: This will help them to find jobs and get them off the welfare roles, and will help to save money. These people vote for you and you are supposed to represent us. You come to us in Billings and in other areas and ask

for our votes to be elected. I am asking you to vote for this. This problem is large enough and \$60,000 is small to do this.

There were no further questions and Senator Regan declared the hearing on House Bill 792 closed.

CONSIDERATION OF HOUSE BILL 513: This is the Veterans' Cemetery bill.

Senator Regan turned the gavel over to Senator Jacobson.

Senator Regan: I have some material for you to look at. The bill asked for a veterans' cemetery--625 acres of land. Senator Baucus was introducing legislation in Washington to get the land. That land plus their \$25,000 would be used for a match. I am concerned about this amount of money. I asked the LFA to call other states. I have a letter from the analyst I will introduce into the testimony on this bill. (Exhibit 1, H. B. 513, attached to the minutes) Arizona has a cemetery 225 acres and ours would be 2½ times that size. I had some research done regarding the possibility of going to Columbia Falls and there are some sites available there.

Curt Chisholm, Deputy Director, Department of Institutions, said having checked the records over the week end, there are 5 acres there for deceased veterans available. There are at the present cemetery 626 veterans and 160 graves available on that particular site. There is 14 acres bordering that are currently leased out to a neighboring farmer.

Senator Regan: We could get the 14 acres and use it. Wyoming and Arizona have less than we would have and it would be considerably less expensive. Wyoming has 13 acres under maintenance and Wyoming has 16. Columbia Falls has 6 and we could get the adjacent land. I have some real concerns. \$25,000 this year and it will be the most expensive \$25,000 we have spent. I do have an amendment to offer. I would support buying the 14 acres and those 14 acres would be available for a long period of time.

DISPOSITION OF HOUSE BILL 513: MOTION by Senator Regan to amend House Bill 513 on page 1, lines 13 and 14 by striking following "at" on line 13--to strike the remainder of line 13 and 14 and to insert "or near Columbia Falls," and on line 24 after "of" insert "buying land or obtaining an option to buy land adjacent to or near the Montana Veterans Home Cemetery."

Senator Keating: I would ask Mr. Brown. Since you have a cemetery at Columbia Falls, why at Ft. Harrison?

Rich Brown: The cemetery at Columbia Falls is used exclusively for veterans who die while at the nursing home. There are about 160 grave sites available currently. We would have to expand on a lease if you wanted to do this. We are talking about 65 acre cemetery, Senator Regan -- and the cemetery at Columbia Falls is not centrally located in the state.

Senator Keating: What are your long range costs? Annual costs if this went through --for maintenance, etc?

Rich Brown: I would like to be able to tell you that, but could not tell you without more information than we have. Wyoming is about 60% of the veterans in Montana. They do not have the real statistics available. We know we will be getting \$150 burial fee for each. About \$37,000 annual income. Sonny Montgomery, Washington D. C. says it should be raised to \$250 a burial. You could charge if you do approve rules here to allow for spouse and children by stacking or along side. You can charge the estate for actual costs. We are talking about a 65 acre cemetery at Ft. Harrison. Also significant if we get Ft. Harrison, it will last indefinitely. Columbia Falls will not.

Senator Regan: The differences in maintenance--\$23,00 a year. Estimate 4 hours every 2 weeks now. Total maintenance in Columbia Falls is about \$600 a year. When you compare doubling that you would be able to maintain that cemetery at a fraction of what it would be for an operating budget for Ft. Harrison. Wyoming is operating 16 acres which are maintained at an annual operating cost of \$90,500. That does not mean it is the only one we have. I would urge the veterans then to put together something more realistic and bring it in. I would like to ask Mr. Brown--what is the total amount of acreage on this?

Rich Brown: 65.4 acres.

Senator Regan: I am sorry--I misunderstood the figure. I think we can accomplish the same thing by looking at these amendments. The need is not critical. We could do it and we could afford it.

Senator Christiaens: It is my intention we already own the 14 acres adjacent. If I heard Mr. Chisholm correctly that is being leased. I think #2 is not necessary (buying land and obtaining, etc.) The land is already there. The language in the bill -- we need to make some changes in section #3. First, there would be no reason to appropriate \$25,000 since a 50% match. \$1,000 would probably be enough for DMA to do the work they would need to do to study the purpose of

establishing a state cemetery. What I propose to do is grant the \$25,000 to get the 14 acres. They will have to do some landscaping, etc. Put some stuff in. They may be able to take the 14 acres and get matching funds.

Senator Christiaens: If I heard Mr. Brown correctly--160 individual sites available in the present cemetery at this time. It should take care of the state needs over the next biennium. It is already dedicated. It is just adjacent.

Judy Rippingale: There is a possibility of using the value of the land and applying to the federal government and get a 50% matching grant and use the money from the federal government to do those things. I think that is why Senator Christiaens is reducing the money.

Senator Bengtson: If we own the acres up there and I am not sure it takes \$25,000 to complete it--if there are 160 sites left.

SUBSTITUTE MOTION by Senator Christiaens to delete # 2 of the Regan amendment.

Senator Manning: What is the purpose of deleting section 2 on line 13?

Senator Christiaens: We already own the 14 acres. That money was to buy them.

Senator Keating: Now they only mow the lawn. We will get into grave digging and FTE and more if we go along with this bill. Greater expense at Columbia Falls. We will be taking on more duties.

QUESTION was called on Christiaens substitute motion. Voted failed, roll call vote.

Senator Haffey: We do not have to buy the land. I agree it could become a cemetery. That language is really in conflict.

QUESTION was called on original amendment by Senator Regan. Voted, failed.

MOTION by Senator Manning that House Bill 513 be concurred in. Voted, passed, roll call vote. Senator Manning to carry the bill.

DISPOSITION OF HOUSE BILL 956: (Representative Marks bill to put Junk Vehicle money in general fund)

MOTION by Senator Jacobson that HB 956 be concurred in. Voted, passed, Senator Jacobson to carry the bill.

Senate Finance and Claims
April 22, 1985
Page 16

DISPOSITION OF HOUSE BILL 958: (Funds from state special revenue for equalization aid to public schools to general fund)

MOTION by Senator Haffey to table House Bill 958.

Voted, passed, Senator Keating voting no.

DISPOSITION OF HOUSE BILL 792: (Garcia's bill on Ethnic Coordinator)

MOTION by Senator Jacobson that House Bill 792 be concurred in. Voted, passed, 6 senators voted no. Senator Regan to carry the bill.

DISPOSITION OF HOUSE BILL 919: (to reallocate a portion of the coal tax)

MOTION by Senator Jacobson that House Bill 919 be concurred in. Voted, passed, Senators Smith, Manning and Christiaens voting no. Senator Regan to carry the bill.

The meeting was adjourned.

Senator Regan, Chairman

Senate Finance and Claims
April 22, 1985
Page 16

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DISPOSITION OF HOUSE BILL 919: (to reallocate a portion of the coal tax)

MOTION by Senator Jacobson that House Bill 919 be concurred in. Voted, passed, Senators Smith, Manning and Christiaens voting no. Senator Regan to carry the bill.

The meeting was adjourned.



Senator Regan, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS

COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date

4-22-85

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HAFLEY	✓		
SENATOR JACOBSON	✓		
SENATOR AKLESTAD	✓		
SENATOR HAMMOND	✓		
SENATOR LANE	✓		
SENATOR CHRISTIAENS	✓		
SENATOR GAGE	✓		
SENATOR HIMSL	✓		
SENATOR STIMATZ	✓		
SENATOR BOYLAN	✓		
SENATOR STORY	✓		
SENATOR SMITH	✓		
SENATOR MANNING (Dick)	✓		
SENATOR BENGTON	✓		
SENATOR KEATING	✓		

VISITORS' REGISTER

SENATE AND HOUSE COMMITTEE _____

BILL HB 919DATE 4-22

SPONSOR _____

NAME	REPRESENTING	RESIDENCE	SUPPORT	OPPOSE
Pat Wilson	Montco / Thermal Energy	Billings		X
Mike Stephen	MT oil, forest Coal	Counties, Helena		X
Ted Fletcher	Parade R. County	Ashland		x
Ed R. Miller	Big Horn Co	Big Horn		X
Ed McAFFREE	Rosebud Co.	Forsyth		X
Gus Jen	MDult	Helena	X	
Gary Wilks	MDOH	Helena	X	
Tom Day	Rep. Dist 27			X
Marian Hansen	Rep Dist 100	Ashland		X
DON REED	MEIC	Helena		x
Gene Huntington	Governor's Office	Helena	X	
Jim Mockler	MT. Coal Council	Helena		←
John HARP	Rep. Dist #7	Kalispell	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

efk
1A / Gary J. Wicks, Director, Department of Highways testimony on HB 919:
Fact Sheet - HB 919

- #1 - Program assumption going into Session - HB 19 - original understanding to return to 1987 session for revenue increase for RTF. Error in HB 730 caused need for HB 19.
- #2 - Current law - only \$1.8 million balance - need \$10 million balance - will require at least \$10 million RTF program reduction during 86-87.
- #3 - HB 919 will provide additional \$4 million for RTF instead of the \$13 million under HB 19. Will allow for \$4 million additional construction on primary system, but will still require some reduction in the program to maintain the \$10 million balance.

- During current 84/85 biennium, we anticipated letting \$330 million in contracts, compared to only \$168 million during the last biennium. Effects being felt, especially on the primary system.
- will have let contracts on 70 of the remaining 74 miles of interstate gaps, and will let the last 4 miles in fiscal 1986 - close the system by 1988.
- we have begun PE on most of the 458 miles of critically deficient primary - this system will feel the effect of lost revenues - cuts on primary.
- have completed 100 miles of pavement preservation in 1984, expect to complete an additional 350 miles in 1985 - RTF is effective.
- I4R - 340 miles of interstate resurfaced - 28% of system. By end of 1985, another 134 miles will be done, or a total of 40% of interstate resurfaced in two years.
- major increases in bridge rehabilitation and replacement being undertaken because of increased federal bridge funds.
- Most important, through use of project scheduling management system, we met the ready dates on scheduled projects 91% of the time - major improvement.
- We proposed HB 735, 3¢ gas and diesel increase, for the purpose of maintaining the current level of effort. Without the increase, we are meeting only 34% of our needs on the primary system - with HB 735, we can meet 60%, still not near the level to correct the problem totally.
- #4 - with HB 919 and HB 735 - we can maintain our current level of effort through 1989 without additional increases, and probably beyond if federal funding is maintained at the current level.

use maps --

Summary: It was understood in 1983 that we would require increased revenues in 1987 to carry the RTF program this decade. The error in HB 730 required us to come in during this session to address the revenue shortfall. HB 919 adds a little revenue but does not solve the problem for the next biennium. Reductions will have to be made, and the planning and PE for the period 1987 and beyond will be greatly reduced during the current and next biennia.

ack 3
Towel
9/9

BALANCE SHEET

(Figures in million dollars)
(20 April 1985)

	Gov. (OBPP)	LFA	House	Towe
Revenue:				
Beginning Fund Balance	22.5	11.0	17.5	22.5
General Fund Receipts	755.5	743.7	747.1	760.1
12 Mill Levy - from Counties	12.5	12.5	12.5	12.5
DOR Collections (Auditors)	-0-	9.0	11.0	11.0
	790.5	776.2	788.1	806.1
Less:				
HB 410 (Utility property tax)	-0-	-1.4	-1.6	-0-
SB 67 (Water, Sewer, Downhole)	-0-	-1.4	-1.4	-1.4
SB 72 (Soc. Security)	-0-	-0-	-0-	-4.9
HB 869 (Tax Reduction-- widows, etc.)	-0-	.4	.4	.4
SB 247 (Pension Expense)	-4.1	-4.1	-4.1	-4.1
Plus:				
HB 236 (Poker machines)	-0-	4.4	-0-	4.4
SB 431 (Greenbelt)	-0-	1.8	1.5	3.0
SB 455 (Sec. 243 ded.)	3.65	-0-	-0-	5.0
HB 870 (Motor vehicle fees)*	-0-	-0-	-0-	-0-
SB 142 (Motor vehicle fees)	5.2	5.2	5.2	5.2
HB 45 (Cigarette tax)	12.8	10.7	12.0	12.0
HB 443 (Child Support Enforcement)	-0-	1.9	1.9	1.9
HB 460 (Bank Examination Fees)	-0-	.25	.25	.25
Transfers:				
a) '85 Coal Board - HB 949	-0-	.75	.75	-0-
b) Junk Vehicle	.5	.5	.5	.5
c) Crime Victims	.5	.5	.5	.5
d) Coal Board	7.3	7.3	7.5	-0-
e) Alternative Energy	-0-	2.0	2.0	-0-
f) RIT	3.5	4.8	4.8	-0-
GAAP Fund Transfer - HB 958	-0-	15.0	15.0	15.0
Local Govt. Block Grant Return*	2.0	-0-	2.0	2.0
Total Revenue	821.85	824.8	834.5	845.05
Expenditures:				
HB 500 (Budget bill)	713.4	713.4	713.4	713.4
School Foundation Program	43.5	53.9	53.9	53.9
Pay Plan - HB 375	17.4	16.5	16.5	16.5
Long Term Debt Service	20.2	20.2	20.2	20.2
TANS Interest	6.2	6.2	6.2	6.2
Oil & Gas Payment to Counties	2.3	-0-	2.3	2.3
1987 Legislative Feed Bill	4.2	4.2	4.2	4.2
SB 25 (District Court Costs)	5.2	5.2	5.2	5.2
Cats and Dogs	--	--	.6	2.0
Total	812.4	819.6	822.5	823.9
Less Reversions	-13.0	-13.8	-13.1	-13.8
Ending Fund Balance	15.0	22.3	15.0	15.0
Total Expenditures	814.4	828.1	824.4	825.1
Deficit or Surplus	+ 7.45	-3.30	+10.1	+19.95
Plus extra GAAP money (School Reversion)	-0-	12.0	12.0	12.0

* If HB 870 passes, at \$7.4KK to the Local Govt. Block Grant, \$2KK will be returned to the General Fund.

* There should be some money in HB 198 or HB 240 or both if they pass.

HOUSE BILL 919
AS AMENDED

	<u>FY 86</u>	HB 919	<u>FY 87</u>	HB 919
	Current Law		Current Law	
Coal Board	\$9,088,275	\$3,115,980	\$8,626,541	\$2,957,671
Highway Reconst.	0	2,077,320	6,721,980	8,693,761
School Foundation	5,193,300	5,193,300	4,929,452	4,929,452
General Fund	19,734,540	24,668,190	18,731,918	23,414,885
Alternative Energy	2,336,985	1,298,324	2,218,253	1,232,363

DIFFERENCE

	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL</u>
General Fund	\$4,933,650	\$4,682,967	\$9,616,617
Alternative energy	(1,038,663)	(985,888)	(2,024,551)
Coal Board	(5,972,313)	(5,668,854)	(11,641,168)
Highway Reconstruction	2,077,326	1,971,775	4,049,102

Under HB 919, the Coal Board would have over \$2 million per year in unobligated funds to make grants and loans:

	<u>FY 86</u>	<u>FY 87</u>
Yellowstone County Jail Obligation	\$ 712,650	\$ 712,650
Amount available for other grants	2,403,330	2,245,021

#3 Budget 9/19 Mileage Est. in 1978 Study.

	<u>Mileage Est.</u> <u>in 1978 Study.</u>	<u>Work Done</u>	<u>Work to</u> <u>be Done</u>	<u>Scope of</u> <u>Work Est.</u>	<u>1985 Costs</u>
1. Sarpy Creek Road (Treasure County)	27 miles	8.7 miles	18.3	PMS	\$ 2,745,000
2. Hardin-Sarpy Creek (Big Horn County)	12 miles	12 miles	0	Reconst.	-----
3. Hardin East (Big Horn County)	20 miles	20 miles	0	Overlay	-----
4. Colstrip-Forsyth (Rosebud County)	30 miles	30 miles	0	Reconst.	-----
5. Lame Deer-Colstrip (Rosebud County)	22 miles	22 miles	0	Overlay	-----
6. Rosebud-South (Rosebud County)	36 miles	16 miles	20 miles	Reconst.	\$12,000,000
7. Ashland-Northwest (Rosebud County)	20 miles	0 miles	20 miles	PMS	\$ 3,000,000
8. Decker-Busby (Big Horn County)	40 miles	12 miles	28 miles	Reconst.	\$16,800,000
9. Birney-Southwest (Rosebud-Big Horn)	24 miles	0 Let Bridge Contract only	24 miles	PMS	\$ 3,600,000
10. Birney-Ashland (Rosebud County)	23 miles	0	23 miles	PMS	\$ 3,450,000
11. Crow Agency-Busby (Big Horn County)	27 miles	8 miles	19 miles	Reconst.	\$11,400,000
12. Lame Deer-Ashland (Rosebud County)	20 miles	0	20 miles	Minor widening & Overlay	\$ 5,000,000
TOTALS	301 miles	129 miles	172 miles		\$57,995,000

1985 - Overlay Cost's per mile - \$150,000

1985 - Minor widening & overlay cost per mile - \$250,000

1985 - Reconstruction Cost's per mile - \$600,000

exh
Wedding

Amend HB 919 blue copy (third reading)

1. Title, line 6.

Following: "FUND"

Strike: ", "

Insert: "AND THE"

Following: "PROGRAM,"

Strike: ", AND THE HIGHWAY PROGRAM"

2. Page 3, line 23 after line 22.

Strike: from "(1)" on line 23 through "fund;" on line 24

3. Page 3, line 25.

Strike: "(M)"

Insert: "(1)"

4. Page 2, line 18, after line 17.

Strike: "26%"

Insert: "30%"

or "32%"

[Note: 30% would be simply to return the highway allocation; ~~32% to also return \$2 million from general fund~~]

Sen. Carl Albertson

5919
Asay
Rokita / Associates, Inc.

8 West 3rd Street

P.O. Box 272

Hardin, Montana 59034

Telephone: (406) 665-3355

Program:

- Management Systems/Design
- Program Research and Development
- Evaluations
- Grant Writing
- Planning
- Impact Assessments
- Surveys
- Program Administration

April 19, 1985

Senator Pat Regan
Chairman, Finance and Claims Committee
Montana State Senate
Capitol Station
Helena, Montana 59620

Dear Senator Regan,

Due to scheduling commitments that prevent me from attending the Public Hearing for HB 919, this letter is to formally register my opposition of that Bill.

I have been involved with coal impact issues since the early 1970's, first from the point of view of Tribes, then through the Old West Regional Commission working with local governments in the coal impact area and as an employee of the Montana Department of Community Affairs. I have also been involved in numerous research projects, have worked with companies and national coal organizations to deal with impact issues and have provided information for coal related litigations. Fourteen years of experience in eastern Montana coal matters gives me a unique perspective.

My principle objection to HB 919 is the portion which reduces funds available to the Montana Coal Board and places those funds in the General Fund to balance the budget. Please understand, I am certainly in favor of a balanced state budget, but this is not the best alternative to achieve that end.

To reduce the coal impact funding level has many implications. First, HB 919 would be contradictory to at least three other legislative measures. SB 379 allows the Highway Department to seek funding for coal area road construction from the Coal Board. To reduce funds available would negate the effect of the Bill and place a State agency in much greater competition with local governments.

Second, SB 156, which was recently signed into law, redefines "coal impact areas". Given the new definitions, HB 919 would significantly reduce the ability of the Coal Board to serve communities who have never received impact assistance, but have experienced problems related to coal development.

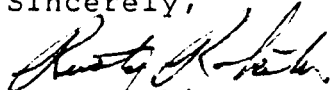
Third, HB 919 would appear to contradict the intent of the "window of opportunity" legislation. The question should be posed, "If the "window of opportunity" stimulates coal development with new industry contracts, then how with less funding will state and local governments deal with corresponding impacts?"

Fourth, I feel that HB 919 sends a clear message to those in the U.S. Congress and others who would assert federal over state rights by contending that Montana's level of taxation applied to the coal industry is too high. They argue that there is little and/or no impact in our state related to coal development. The reduction in local impact funds from some 8.8 million dollars to 2.9 million or less to achieve a balanced budget would certainly lend credence to their position.

Finally, the coal industry is not static. For example, recently Shell Oil Mining filed its rail service to mine site construction plans for the proposed Pearl Mine. In addition, it appears that Montco is still pursuing their development near Ashland and State Lands just completed the draft EIS for the consolidation mine in the Decker Area.

Thank you and the members of the Finance and Claims Committee for considering these issues. I firmly believe HB 919 will reduce both state and local options and creates an unhealthy reliance upon coal taxes to support state government.

Sincerely,



Rusty Rokita

COMMITTEE OF THE WHOLE AMENDMENT

4091605B.CW

Page 1 of 2.

4-9-85

DATE

4:05

TIME

MR. CHAIRMAN: I MOVE TO AMEND

House Bill

No. 919

second reading copy (yellow) as follows:
Color

1. Title, line 6.

Following: "AND"

Strike: "THE HIGHWAY PROGRAM"

Insert: "EXPRESSING LEGISLATIVE INTENT"

Strike: "SECTIONS 15-35-108"

2. Title, line 7.

Strike: first "AND"

Insert: "SECTION"

Following: "DATE"

Insert: ", "

3. Title, line 8.

Strike: "AND AN"

Strike: "DATE"

Insert: "DATES, AND A TERMINATION DATE"

4. Page 1, line 11 through line 1, page 4.

Strike: Section 1 in its entirety

Insert: "NEW SECTION. Section 1. Legislative policy and intent. To achieve the reductions of grants and loans and the transfer of funds required in [section 3], the legislature intends that the coal board:

(1) receive grant and loan applications during its summer, fall, and winter quarterly meetings and, after reviewing and ranking the applications according to relative priority, at a meeting on or before June 30, 1986, and on or before June 30, 1987, approve such of those applications as meet the established criteria and within the limit provided in [section 3(1)];

(2) whenever possible, approve grants or loans for which funding occurs over two or more future years;

ADOPT

REJECT

CONTINUED

(3) require a higher degree of local effort in meeting the needs detailed in applications for grants and loans; and

(4) encourage pre-planning by local governments to assure recognition of needs before commencement of the development causing the impact.

5. Page 4, line 12.
Following: "90-6-207"
Insert: "and [section 3]"

6. Page 4, line 14.
Strike: "and before July 1, 1985,"
Strike: "and after" through "23.08%" on line 15

7. Page 5, lines 13 through 18.
Strike: section 3 in its entirety
Insert: "NEW SECTION. Section 3. Limit on coal board grants and loans -- allocation of funds to foundation program. (1) In fiscal years 1986 and 1987, the coal board may award no grant or loan that would cause its total grants or loans in that fiscal year to exceed 46% of the total available to the coal board under 90-6-205(5) during that fiscal year.
(2) On July 1, 1986, and July 1, 1987, there is transferred from the local impact and education trust fund account to the state equalization aid account of the state special revenue fund an amount equal to 54% of the total available to the coal board under 90-6-205(5) during the fiscal year ended on the immediately preceding June 30.

8. Page 5, line 21.
Strike: "on or"
Strike: "April 1"
Insert: "March 31"
Following: "1985"
Insert: ", and before April 1, 1987"

9. Page 5, following line 21.
Insert: "NEW SECTION. Section 5. Termination date. This act terminates immediately after the transfer of funds as required in [section 3(2)] on July 1, 1987."

ADOPT

REJECT

HM
Asay

Suggested Changes in Current Coal Board Program

Fund Source: Coal Severance Tax

Estimated FY '86	\$ 8,820,000
Estimated FY '87	8,232,840

TOTAL	\$17,652,850	(Source: House Bill 500)
-------	--------------	--------------------------

Estimated funds that could be available each fiscal year to be reverted to the General Fund.

<u>FY '86</u>	Estimated Collections (OBPP)	\$ 8,820,000
	Less: Yellowstone Co. Jail	-712,650
	Less: Human Service and Planning Grants	-750,000
	Less: Capital Expenditure Grants	-800,000
	Less: Water and Sewer Grants	-441,000
	Less: Highway Project Grants	<u>-2,066,200</u>
	Amount to revert to General Fund	\$ 4,050,150*

* This amount represents 54%, less the Yellowstone County Jail commitment, of the total which is the amount that the Coal Board has historically granted for educational construction projects. It is estimated that no major educational construction projects will be seeking funding during FY '86 due to coal development.

<u>FY '87</u>	Estimated Collections (OBPP)	\$ 8,232,840
	Less: Yellowstone Co. Jail	-712,650
	Less: Human Service and Planning Grants	-500,000
	Less: Capital Expenditure Grants	-750,000
	Less: Water and Sewer Grants	-411,642
	Less: Highway Project Grants	<u>-2,454,778</u>
	Amount to revert to General Fund	\$ 3,404,420*

This amount represents 50%, less the Yellowstone County Jail commitment, of the total which is the amount that the Coal Board would normally grant for the purpose of educational construction projects. It is estimated that no major education construction projects will be seeking funding during FY '87 due to coal development.

TOTAL ESTIMATED FUNDS FOR THE BIENNIUM
THAT COULD BE REVERTED TO THE GENERAL FUND \$ 7,454,500*

* 42% of Estimated Collections

Suggested changes in Coal Board granting procedures to accomplish projected reversions to the State General Fund:

- The Coal Board could meet only quarterly, as per 90-6-204, MCA, instead of some seven times each year as has been the average over the past three years.
- Meetings could be held in July, October, and January to consider requests and final action on all grants would be made in June. This would require that more stringent criteria be applied and that all requests would have to compete against one another for funding during each fiscal year, instead of on a submittal basis as is the current practice. The Board would be required to prioritize all applications prior to funding at the end of the fiscal year.

The designated area has been reduced for the coming fiscal year to include only Rosebud County and the City of Forsyth and the Forsyth and Colstrip School Districts. Since the Coal Board must award at least 50% of all grants to these designated governmental units, per 90-6-207, MCA, and many of the coal impact needs have been met in these areas the amount of funds to be reverted as projected could be obtainable:

- Require a 50% local match on all projects in the designated area.
- Require a larger local match in non-designated areas where the tax base or other resources exist.

It should be noted however, that should the Governor sign SB 156, the designated area could be increased to include areas where mining permits have been granted. Powder River and Custer County could become designated areas under this bill but this is not likely to occur until after the next biennium.

Other possibilities for change:

- Fund requests over a certain amount over the period of several years rather than earmarking funds in the current fiscal year. This would allow the Coal Board to revert funds to the General Fund for the fiscal year the application is received.
- Encourage Planning applications in those areas that could be impacted by Coal development so that the local governmental units will be aware of the needs or problems before development actually takes place.

add
F
Wilson

Economic Benefits To Montana From The Proposed Montco Mine

Personal Income in Montana	\$ 971.8 million
Montco Expenditures	\$ 907.8 million
New Business, Other than Montco	\$ 988.2 million
State & Local Tax Revenues	\$ 848.8 million
TOTAL ECONOMIC BENEFITS	\$3,716.6 million

The Montco Mine will provide substantial economic and employment contributions to the State of Montana and its people, according to a study by Research Development Consultants of Fargo, North Dakota, completed in March 1983. Development of the mine project will enhance Montana's economy by contributing over \$3.7 billion in the form of increased business activity, tax revenue and personal income.

The proposed Montco Mine would be located 7.5 miles southwest of Ashland, Montana. It would be a surface mine with a production capacity of 12 million tons of coal per year. The study assessed the direct and secondary (or indirect) economic benefits to the state during the four-year construction and 22-year operational life of the mine. With a two-year overlap, the entire project life is planned for 24 years.

EMPLOYMENT AND PERSONAL INCOME CONTRIBUTIONS

Construction and operation of the Montco Mine will provide significant benefits to the people of Montana. Directly and indirectly, *mine operation (22 years) will create over 2,390 permanent new jobs* in Montana with an annual personal income of \$42.8 million. About 365 of these jobs will be directly associated with the mine, while the remainder will be secondary jobs in many sectors of Montana's economy such as retail trade, professional and social services, and government.

Additionally, an annual average of *938 jobs will be created during the four-year construction phase* with an annual payroll of about \$7.7 million.

Altogether, it is estimated that the Montco Mine project will add more than *\$971 million* to personal income in Montana through much needed new employment and associated payrolls.

MONTCO EXPENDITURES IN MONTANA

The Montco organization will spend nearly *\$908 million* in Montana during the 24 years required to build and operate the mine. The expenditures will be spread over five sectors of the economy with better than 48% going to the household sector. During the 22-year operation of the mine, Montco will spend about \$39 million each year in Montana.

EXPENDITURES (\$ millions)

Sector:	Construction	Operation	Total	% Total
Construction	\$39.3	—	\$ 39.3	4.3%
Retail Trades	\$ 7.5	\$181.1	\$188.6	20.8%
Wholesale Trade and Misc. Manufacturing	—	\$212.6	\$212.6	23.4%
Household*	\$ 2.4	\$436.8	\$439.2	48.4%
Communications and Public Utilities	—	\$ 28.0	\$ 28.0	3.1%

*Dividends, wages, interest, rent and transfer payments before taxes.

NEW MONTANA BUSINESS ACTIVITY OTHER THAN MONTCO

In addition to the direct spending by Montco, the study identified the secondary—indirect or induced—business that would be generated by the mine project in the regional economy. This indicates the amount of *new business activity* in the state.

The multiplier effect of the mine project would add about *\$988 million worth of new business* to Montana's economy over the 24-year life of the mine, or an average of over \$41 million per year. The largest economic benefit would be in the household, retail trade, and wholesale trade/miscellaneous manufacturing sectors of the state's economy.

STATE AND LOCAL TAX REVENUES AND ROYALTIES

As a result of the construction and operation of the Montco Mine project, as well as the secondary business generated, state and local government entities in Montana are expected to realize an additional *\$849 million in tax revenue and royalties* over the life of the mine. Government-supported services for the people of Montana will gain about \$35.4 million annually. The various taxes include: coal severance, resource indemnity, gross proceeds, corporate personal income, and local property.

Current plans of the Montco organization anticipate the construction period for the mine to begin in mid-1984, with actual surface mining of coal to start in 1986. However, this time schedule is contingent upon Montco receiving all necessary regulatory permits and arranging coal sales contracts. ■■

#9
Preliminary

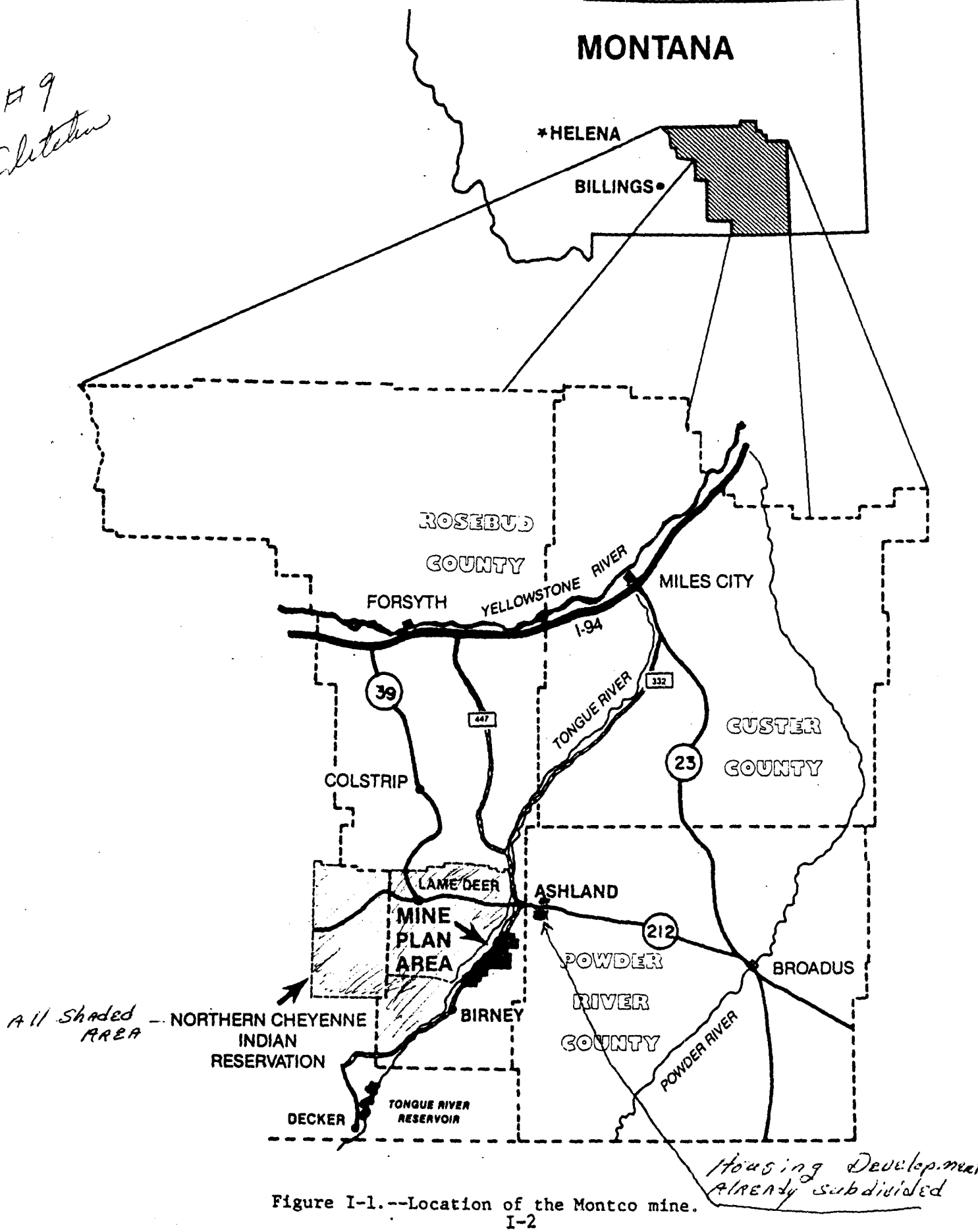


Figure I-1.--Location of the Montco mine.
I-2

10
Jeffrey
Rokita / Associates, Inc

8 West 3rd Street

P.O. Box 272

Hardin, Montana 59034

Telephone: (406) 665-3355

B. 11
For your information

If you wish to
have someone read
this into the hearing
record, feel free

am:

agement Systems/Design
ram Research and
elopment
uations
it Writing

Planning

- Impact Assessments
- Surveys
- Program Administration

April 19, 1985

Senator Pat Regan
Chairman, Finance and Claims Committee
Montana State Senate
Capitol Station
Helena, Montana 59620

Dear Senator Regan,

Due to scheduling commitments that prevent me from attending the Public Hearing for HB 919, this letter is to formally register my opposition of that Bill.

I have been involved with coal impact issues since the early 1970's, first from the point of view of Tribes, then through the Old West Regional Commission working with local governments in the coal impact area and as an employee of the Montana Department of Community Affairs. I have also been involved in numerous research projects, have worked with companies and national coal organizations to deal with impact issues and have provided information for coal related litigations. Fourteen years of experience in eastern Montana coal matters gives me a unique perspective.

My principle objection to HB 919 is the portion which reduces funds available to the Montana Coal Board and places those funds in the General Fund to balance the budget. Please understand, I am certainly in favor of a balanced state budget, but this is not the best alternative to achieve that end.

To reduce the coal impact funding level has many implications. First, HB 919 would be contradictory to at least three other legislative measures. SB 379 allows the Highway Department to seek funding for coal area road construction from the Coal Board. To reduce funds available would negate the effect of the Bill and place a State agency in much greater competition with local governments.

Second, SB 156, which was recently signed into law, redefines "coal impact areas". Given the new definitions, HB 919 would significantly reduce the ability of the Coal Board to serve communities who have never received impact assistance, but have experienced problems related to coal development.

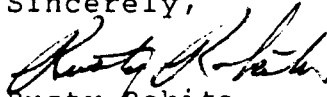
Third, HB 919 would appear to contradict the intent of the "window of opportunity" legislation. The question should be posed, "If the "window of opportunity" stimulates coal development with new industry contracts, then how with less funding will state and local governments deal with corresponding impacts?"

Fourth, I feel that HB 919 sends a clear message to those in the U.S. Congress and others who would assert federal over state rights by contending that Montana's level of taxation applied to the coal industry is too high. They argue that there is little and/or no impact in our state related to coal development. The reduction in local impact funds from some 8.8 million dollars to 2.9 million or less to achieve a balanced budget would certainly lend credence to their position.

Finally, the coal industry is not static. For example, recently Shell Oil Mining filed its rail service to mine site construction plans for the proposed Pearl Mine. In addition, it appears that Montco is still pursuing their development near Ashland and State Lands just completed the draft EIS for the consolidation mine in the Decker Area.

Thank you and the members of the Finance and Claims Committee for considering these issues. I firmly believe HB 919 will reduce both state and local options and creates an unhealthy reliance upon coal taxes to support state government.

Sincerely,



Rusty Rokita



STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

April 12, 1985

Senator Pat Regan
Montana State Senate
State Capitol
Helena, MT 59620

Dear Senator Regan:

In response to your questions on House Bill 513, the following is submitted.

Six states were surveyed. They are North and South Dakota, Wyoming, Utah, Idaho, and Arizona. Two of the states, Wyoming and Arizona, have state owned cemeteries. The other states are aware of the federal grants available for state owned cemeteries. Three of those states do not consider them necessary as the federal cemeteries are capable of handling their state's needs. They do not have any plans of applying for the matching funds. The state of Utah has tried since 1958 to obtain a state run cemetery but has been unable to secure the state funding match.

Wyoming and Arizona each have one state owned cemetery. Wyoming has been in operation since November 1983. It has 120 acres of land, however, only 16 acres are maintained at an annual cost of approximately \$90,500. There are three FTE, a secretary and two maintenance workers. Since opening there have been 58 veterans buried. They estimate Wyoming has approximately 100,000 veterans. The only federal funding received was the original 50 percent match with state funds to start the cemetery.

Arizona has 225 acres of land they own and 400 additional acres under lease. Acres of land under maintenance is 13 acres. There are 400,000 veterans in the state of Arizona.

The Arizona spokesperson stated the state receives a one-time \$150 fee from the federal government for each veteran buried that served during war-time. The \$150 is not received for spouses and other dependents of veterans. Other federal funds available is up to \$1,000,000 matching funds annually for improvements.

Table 1 summarizes the statistics for Arizona and Wyoming.

Table 1
State Owned Veteran's Cemeteries Statistics
Arizona and Wyoming

<u>State</u>	<u>Total # of Acres</u>	<u># of Acres Maintained</u>	<u>FTE</u>	<u>Budget FY 1985</u>	<u>Date of Operation</u>	<u># of Vet's Internal</u>	<u># of Vets 19 State</u>
Arizona	225	13	6	166,300	4-14-79	4,000	400,000
Wyoming	120	16	3	90,500	11-01-83	58	100,000

The cemetery at Columbia Falls is maintained by the veterans home. The current cemetery is on approximately 6 acres of land, but has land for expansion. Current maintenance efforts are the mowing of grass once every two weeks from April through August, and watering. Maintenance is done by the Veterans Home maintenance person whose annual personal service costs is \$23,623. It is estimated that it takes about 4 hours of his time every two weeks. Total maintenance costs are estimated at \$600 per year.

I called the Veterans Administration in Washington and talked to the assistant director of state cemetery grants. He informed me that land donated by another federal agency may not be used as part of the matching funds. There is a bill to be introduced by Senator Baucus that would give the land to Montana. The interpretation is that the land would then be eligible to make up 50 percent of the state's matching requirements. The balance of matching funds must be cash.

If I may be of further assistance, please let me know.

Sincerely,

Cliff Roessner
Senior Analyst

crleg:pr 4-12-5

edh
2 Regan

amendments to HB 513

Page 1, line 13 and 14.

Following: "at" on line 13

Strike: remainder of line 13 and 14

Insert: "or near Columbia Falls."

2. Page 1, line 24.

Following: "of"

Insert: "buying land or obtaining an option to buy land
adjacent to or near the Montana Veterans Home Cemetery."

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. 513Time 10 AM

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsl		✓		
Senator Stimatz				
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan		✓		

3 - 12

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion:

Sub - 4 Chas

2-11-68

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

Date _____

Bill No. 513 Time 5

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey		✓		
Senator Jacobson		✓		
Senator Aklestad		✓		
Senator Hammond		✓		
Senator Lane		✓		
Senator Christiaens	✓			
Senator Gage		✓		
Senator Himsel		✓		
Senator Stimatz		✓		
Senator Boylan		✓		
Senator Story		✓		
Senator Smith		✓		
Senator Manning (Dick)		✓		
Senator Bengtson		✓		
Senator Keating		✓		
Senator Regan	✓			

Sylvia Kinsey
Secretary

Senator Regan
Chairman

Motion: Orig - y

Failed

SENATE COMMITTEE

FINANCE AND CLAIMS

VOTING RECORD

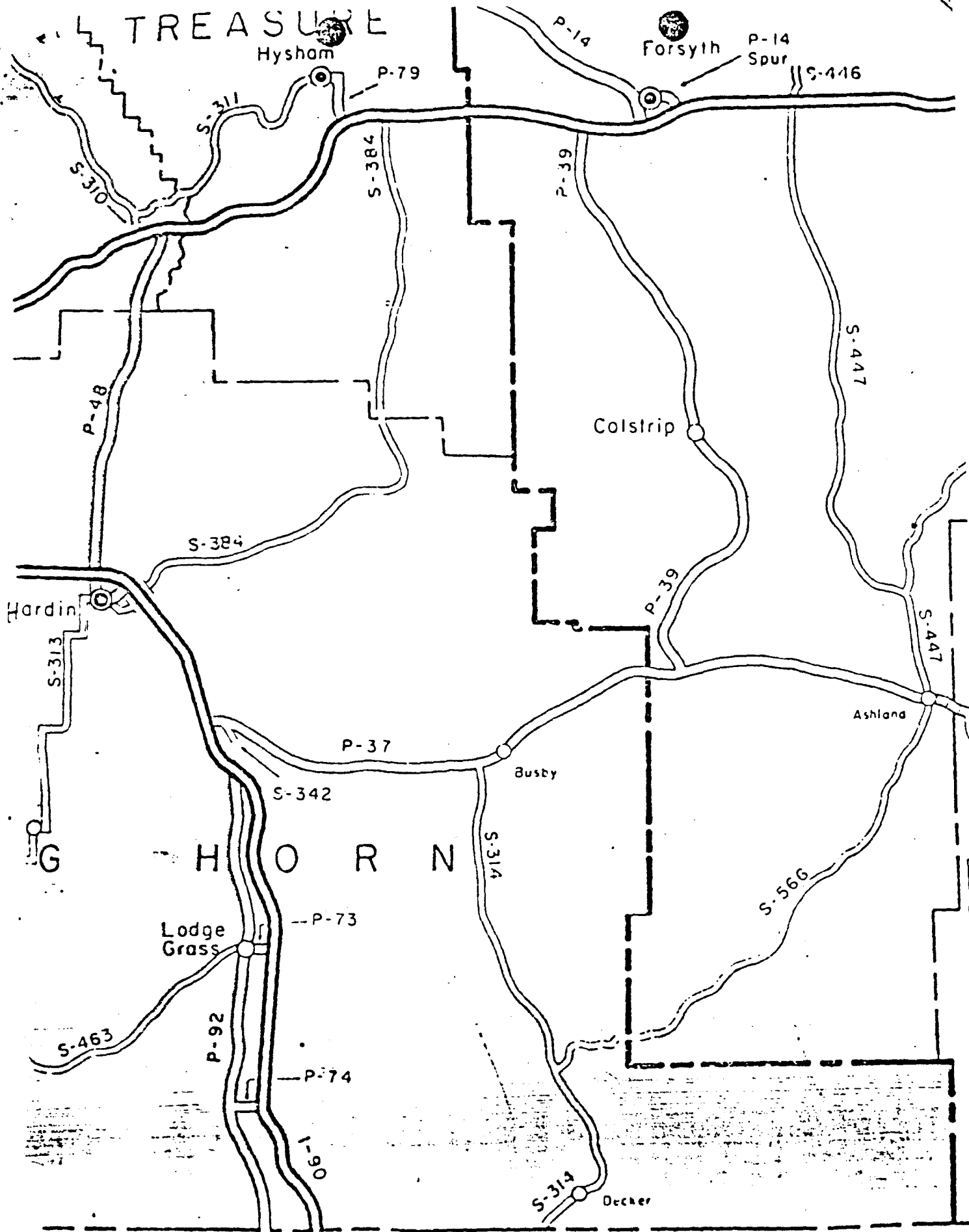
Date _____

Bill No. 513 Time _____

Name	YES	NO	ABSENT	EXCUSED
Senator Haffey	✓			
Senator Jacobson	✓			
Senator Aklestad		✓		
Senator Hammond	✓			
Senator Lane	✓			
Senator Christiaens	✓			
Senator Gage		✓		
Senator Hims1		✓		
Senator Stimatz				
Senator Boylan	✓			
Senator Story	✓			
Senator Smith	✓			
Senator Manning (Dick)	✓			
Senator Bengtson		✓		
Senator Keating	✓			
Senator Regan		✓		

10-5

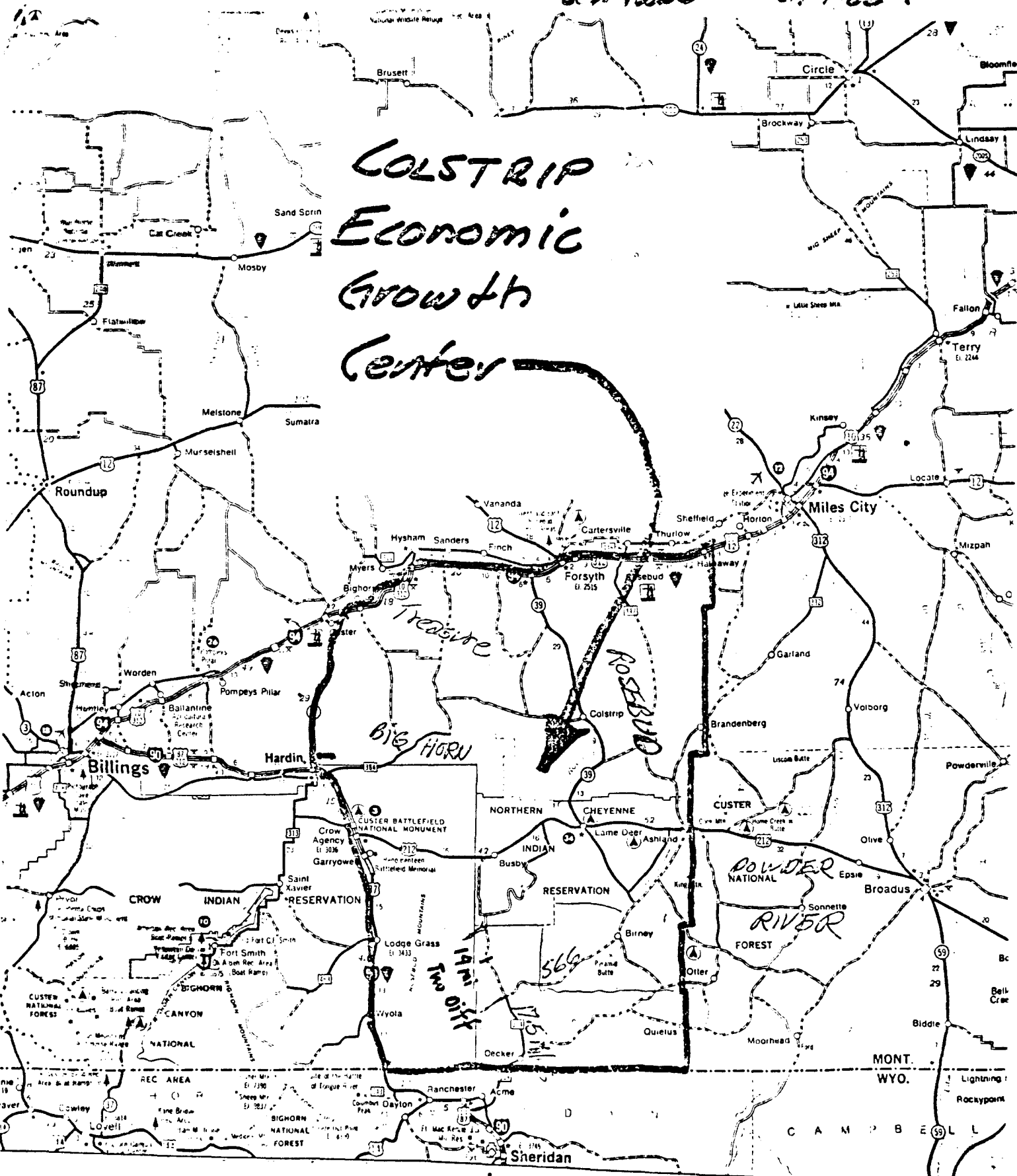
Sylvia Kinsey
SecretarySenator Regan
ChairmanMotion: _____



F.A. SYSTEMS IN THE COLSTRIP AREA

File copy
 Copies 35 & 60 sent to
 Sen Tamm 2/17/85.

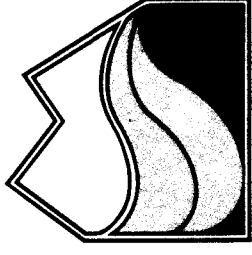
COLSTRIP Economic Growth Center



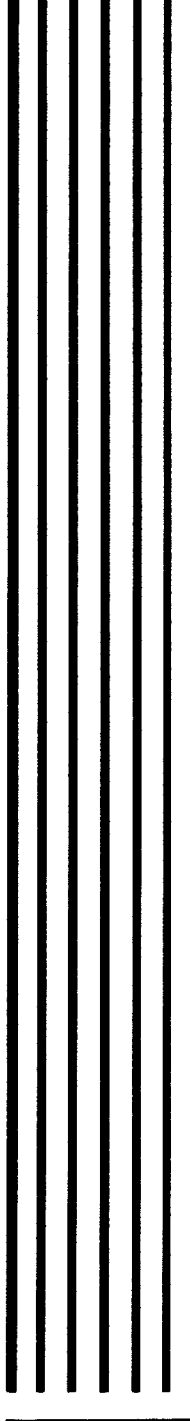
6.3
 7.7
 Oct 87 North
 Nov 87 South

TABLE NO. 1 Showing the 12 reaches of roads within the Colstrip Economic Development Growth Center area (Designated by the U. S. Secretary of Transportation) and current cost estimates by the Montana Highway Department.

<u>DESIGNATION</u>	<u>TABLE 1 LENGTH</u>	<u>EST. COST TO CONSTRUCT</u>
1. Sarpy Creek Road	27 Mi.	\$ 5.4 million
2. Hardin - Sarpy Creek	12 Mi.	2.4 million
3. Hardin - East	20 Mi.	1.8 million
4. Colstrip - Forsyth	30 Mi.	11.4 million
5. Lame Deer - Colstrip	22 Mi.	2.9 million
6. Rosebud - South	36 Mi.	4.1 million
7. Ashland - Northwest	20 Mi.	2.7 million
8. Decker - Busby	40 Mi.	8.0 million
9. Birney - Southwest	24 Mi.	4.8 million
10. Birney - Ashland	23 Mi.	4.7 million
11. Crow Agency - Busby	27 Mi.	8.8 million
12. Lame Deer - Ashland	<u>20 Mi.</u>	<u>6.5 million</u>
	301 Mi.	\$63.5 million
Rosebud County	168 Mi.	
Big Horn County	106 Mi.	
Treasure County	<u>27 Mi.</u>	
	301 Mi.	



The Montco Mine



STANDING COMMITTEE REPORT

April 22 19 85

MR. PRESIDENT

We, your committee on **Finance and Claims**

having had under consideration **House Bill** No. **513**

third reading copy (**blue**)
color

ESTABLISHING A STATE VETERANS CEMETARY AT FORT HARRISON

ELLISON (Manning)

Respectfully report as follows: That **House Bill** No. **513**

BE CONCURRED IN

~~XXXX~~
DO PASS

~~XXXXXXXX~~

~~SENATOR PAT REGAN~~

Chairman.

STANDING COMMITTEE REPORT

April 22 1985

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 792

third reading copy (blue)
color

PROVIDING FOR APPOINTMENT OF A COORDINATOR FOR ETHNIC AFFAIRS

GARCIA (Regan)

Respectfully report as follows: That House Bill No. 792

BE CONCURRED IN

~~XXXX~~
DO PASS

~~XXXXXX~~

SENATOR PAT REGAN

Chairman.

STANDING COMMITTEE REPORT

April 22 1983

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 919

third reading copy (blue)
color

REALLOCATING COAL SEVERANCE TAX FUNDS TO FOUNDATION PROGRAM AND HIGHWAYS

BARBAROUVE (Regan)

Respectfully report as follows: That House Bill No. 919

BE CONCURRED IN

XXXXX
DO PASS

XXXXXX
DO NOT PASS

SENATOR PAT REGAN

Chairman.

STANDING COMMITTEE REPORT

April 22 1985

MR. PRESIDENT

We, your committee on Finance and Claims

having had under consideration House Bill No. 956

third reading copy (blue)
color

APPROPRIATE JUNK VEHICLE SPECIAL REVENUE TO GENERAL FUND

MARKS (Jacobson)

Respectfully report as follows: That House Bill No. 956

BE CONCURRED IN

XXXXX
DO NOT PASS

XXXXXXXXX
DO NOT PASS

SENATOR PAT ADGAN

Chairman.